



December 1, 2011

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Subject: San Diego IRWM Region Suggestions for Process Improvements

Dear Mr. Frankenbach,

The San Diego Regional Water Management Group (RWMG), representing the San Diego Integrated Regional Water Management (IRWM) Program, is looking forward to participating in the upcoming Process Improvement Workshops. Our region and the State continue to benefit from DWR's efforts to encourage integrated regional strategies for water management. This letter represents the collective suggestions of our RWMG and our 32-member Regional Advisory Committee (RAC) on process improvements for the remaining Proposition 84 and 1E grant solicitations.

Our preliminary suggestions for improvement include:

1) Review Plan Update Progress in Implementation Grant-Round 2

We support DWR's preliminary suggestion to review a region's progress toward accomplishing their IRWM Plan Update as Step 1 of the Prop 84 Implementation Grant-Round 2 cycle. We feel it would be unproductive to review the adopted 2007 IRWM Plan, since that was reviewed as part of the Prop 50 Implementation Grant process, or to expect regions to have completed IRWM Plan Updates prior to summer 2012.

2) Defer to Regional Project Selection Process

DWR's Implementation Grant-Round 2 application scoring process should defer to regional project selection processes, where they are conducted through open and transparent stakeholder committees. Those regions that establish stakeholder-driven selection committees, such as San Diego, are implementing robust scoring and vetting of their project suites prior to submittal to DWR. While we agree with DWR's efforts to ensure funding of truly integrated water resources projects, there is no need for additional extensive scoring and ranking of proposals in such regions. Proposition 84 (PRC §75028(a)) states that DWR

“shall defer to approved local project selection and review projects only for consistency with the purposes of §75026.”

Section 75026 requires that eligible projects (1) be consistent with an adopted IRWM plan or its functional equivalent as defined in the IRWM Guidelines; (2) provide multiple benefits; and (3) contribute to DWR's program preferences.

As such, DWR should request only information necessary to confirm consistency of grant application project(s) with the local IRWM Plan and any Memorandum of Understanding (MOU) adopted by the region or Funding Area. Because of the broad differences among regions throughout the state, individual regions should be able to specify their own regional priorities for the available grant funding. Extensive development of supporting information and attachments beyond those necessary to comply with the Public Resources Code should be eliminated.

Deferring to the regional project selection process will avoid duplication of effort for regions that execute a robust project selection process, and reduce DWR's workload.

3) Streamline Application for Non-Competitive Funding Areas

DWR should streamline the application requirements for non-competitive Funding Areas. The Tri-County Funding Area Coordinating Committee (Tri-County FACC), which includes all three regions within the San Diego Funding Area, has an MOU adopted by all nine RWMG agencies that outlines our commitment to inter-regional coordination, development of cross-watershed projects, and equitable allocation of the Prop 84 bond funding. Our grant applications will be aligned with our agreed-upon allocation, will not exceed the Round 2 maximum, and will not be competitive. This mutual agreement will enable DWR to honor our approved local project selection processes and review our grant applications in a more streamlined manner.

Offering a streamlined grant application process for non-competitive Funding Areas will encourage regional cooperation, coordination, and collaboration between IRWM regions throughout the State, and reduce DWR's workload.

4) Reduce Excessive Economic Analysis

The requirement for detailed economic analysis in the Implementation Grant-Round 1 PSP resulted in burdensome costs and processes for the regions. Not only is it difficult and costly for the lead agency to develop the economic analysis, it also requires a high level of information from the local project sponsors during the solicitation process. This is particularly burdensome for non-governmental organizations (NGOs) and disadvantaged communities (DACs).

Particularly for regions not in direct competition due to documented Funding Area agreements, this economic analysis requirement was excessive. We request consideration of a streamlined grant application process that does not include detailed economic analysis for regions and Funding Areas that are non-competitive and that have used a collaborative, valid, and transparent method of prioritizing their project lists.

To make the economic analysis more reasonable for competitive regions, please consider modifying these sections to allow simplified analysis that still accomplishes the intent of the Guidelines. DWR might consider phased analysis to demonstrate each project's cost benefit. For example, if a water conservation program can be shown to reduce per capita water consumption and therefore the benefits associated with purchasing less imported water supplies are greater than the costs associated with implementation of the water conservation program, then the required documentation should be limited to a simple cost-benefit analysis. Additionally, if a project's funding match is larger than the grant request (>100% funding match), it clearly demonstrates a minimum 1:1 cost-benefit ratio in terms of State vs. local dollars spent on project implementation. DWR should also consider allowing this simplified criterion to justify project

benefits. Detailed analysis of avoided costs and other intangible cost savings should only be required if necessary to demonstrate cost effectiveness.

5) Expand Eligible Project Types to Include Innovative Solutions

We request expansion of the list of eligible projects types in the Implementation Grant-Round 2 PSP to include “potable reuse, including groundwater recharge and reservoir augmentation.” Throughout the State, IRWM regions are exploring various forms of potable reuse to diversify supply sources and meet regional demands. These project types will be essential contributors to our regional IRWM Plan objectives in the upcoming grant cycles.

We also request that DWR expand the list of eligible project types to include “research and development, strategic planning, and pilot/demonstration projects” that explore innovative new ways to manage local water resources. These types of projects will set the stage for implementation of capital projects in the future, but are in need of funding to establish feasibility and regulatory precedent. We suggest that up to 20% of IRWM Grant Program funding be made available to projects that explore innovative solutions to water resource issues, but perhaps do not have quantifiable long-term benefits. As a regional planning effort, the IRWM Program is best suited to foster the development of projects that offer new and innovative approaches for addressing regional issues. We need DWR’s support to move beyond the current paradigm of funding only ‘shovel-ready’ projects in order to pursue supply diversification for our future. DWR must clarify that such projects are eligible for grant funding.

6) Include Future Potential Benefits for Phased Projects

Clarification is needed in the Implementation Grant-Round 2 PSP on how to represent and evaluate benefits for phased projects, particularly those projects which include research and development, strategic planning, and pilot/demonstration projects as the initial phase. We request that the benefits analysis allow inclusion of the future potential benefits of these projects, given that they are preliminary phases of larger capital construction efforts. DWR must also develop a way to capture the benefits of the knowledge and technology transfers that result from such projects.

7) Clearly Define “Critical Water Supply and Water Quality” Needs of DACs

In the evaluation of our Implementation Grant-Round 1 application, DWR did not consider all of the San Diego region’s DAC projects as truly addressing the “critical water supply and water quality” needs of DACs. DWR needs to articulate a clear definition of these project types so that information can be communicated to our stakeholders and such projects included in our regional project selection process. DWR’s definition of “critical water supply and water quality” needs of DACs should include stormwater pollution, flood management, and other issues that affect impoverished urban areas, as well as groundwater supply and quality issues that affect impoverished rural areas.

We also want to remind DWR that participation by our NGOs and DACs is being compromised by significantly delayed payments of grant invoices from the State. The delays in State grant payments jeopardize our NGOs’ and DACs’ ability to implement water management projects, as well as their organizations liquidity. We recommend development of a standardized invoice approval process, including time limits and accountability for processing grant invoices, so that critical DAC projects that are funded through the IRWM Program are paid in a timely manner.

8) Allow for Flexibility in Work Plan/Budget Format

For regional programs, such as water conservation and/or data management, the Work Plan and Budget templates in the Implementation Grant-Round 1 PSP were cumbersome. Because that template was set up to address capital projects, it was difficult to articulate the scope of work for a regional program. We suggest that DWR provide a second, alternate task list for use in the Work Plans and Budgets of regional programs that would be more streamlined. For example, such as task list might include stakeholder involvement tasks instead of construction and permitting tasks.

Conclusion

We appreciate the open process used by DWR to receive comments and suggestions about process improvements. We have mirrored this transparency by asking our RAC for their input on this comment letter. We have also continued our commitment to on-going coordination with the Tri-County FACC by working together on comments of mutual interest.

Again, we are looking forward to continuing to work with DWR on development our IRWM Program and implementation projects.

Sincerely,

San Diego Regional Water Management Group



Ken Weinberg, Director of Water Resources
San Diego County Water Authority



Marsi Steirer, Deputy Director, Long-Range Planning and Water Resources Division
City of San Diego



Kathleen Flannery, Land Use and Environment Group Finance and HR Director
County of San Diego

Cc:

San Diego Regional Advisory Committee

Regional Water Management Group

- Kathleen Flannery, LUEG Finance and HR Director, County of San Diego (chair)
- Marsi Steirer, Deputy Director of Water Policy and Strategic Planning, City of San Diego
- Ken Weinberg, Director of Water Resources, San Diego County Water Authority

Retail Water Entities

- Michael Bardin, General Manager, Santa Fe Irrigation District
- Linden Burzell, General Manager, Yuima Municipal Water District
- Jim Smyth, General Manager, Sweetwater Authority
- Mark Weston, General Manager, Helix Water District
- Cari Dale, Director of Utilities, City of Oceanside

Water Quality

- Albert Lau, Director of Engineering and Planning, Padre Dam Municipal Water District
- Mike Thornton, General Manager, San Elijo Joint Powers Authority
- Kirk Ammerman, Principal Civil Engineer, City of Chula Vista
- Anne Bamford, Industrial Environment Association

Natural Resources and Watersheds

- Lynne Baker, Executive Director, San Dieguito River Valley Conservancy
- Doug Gibson, Executive Director, San Elijo Lagoon Conservancy
- Rob Hutsel, Executive Director, San Diego River Park Foundation
- Megan Cooper, Project Manager, California Coastal Conservancy
- Judy Mitchell, District Coordinator, Mission Resource Conservation District
- Kathy Viatella, Senior Project Director, The Nature Conservancy

Members At Large

- Linda Flournoy, Sustainability Consultant, Planning & Engineering for Sustainability
- Gabriel Solmer, Legal Director, San Diego CoastKeeper
- Rob Roy, La Jolla Band of Luiseno Indians
- Dave Harvey, Rural Community Assistance Association
- Eric Larson, Executive Director, Farm Bureau of San Diego County
- Richard Pyle, San Diego Regional Chamber of Commerce
- Shelby Tucker, Regional Planner, San Diego Association of Governments
- George Loveland, Board Member, SD Regional Water Quality Control Board
- Jeremy Jungreis, U.S. Department of the Navy
- Dennis Bowling, Floodplain Management Association

Non-Voting Members

- Laurie Walsh, SD Regional Water Quality Control Board
- Greg Krzys, U.S. Bureau of Reclamation
- Perry Louck, Rancho California Water District (Tri-County FACC)
- Mary Anne Skorpanich, County of Orange (Tri-County FACC)